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Message Text

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16
ACTION EUR-25

INFO OCT-01 ISO-00 NEA-10 EB-11 COME-00 INT-08 SCEM-02

SCI-06 OMB-01 TRSE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 FPC-01 AEC-11 DRC-01 AF-10

CCO-00 SSO-00 NSCE-00 INRE-00 /197 W
---------- 072095
R 231632Z NOV 73
FM AMEMBASSY STOCKHOLM
TO SECSTATE 1048
INFO AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
US MISSION OECD PARIS 1552

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E.O. 11652 N/A
TAGS: ECON ENRG SW
SUBJECT: OIL SITUATION IN SWEDEN

REF: STOCKHOLM'S 4121, 4132, AND 3970

1. AS REPORTED EMBTEL 4132 GOS ANNOUNCED ITS VOLUNTARY OIL SAVINGS PROGRAM ON NOVEMBER 20. ON SAME DAY, IN INTERVIEW WITH DAGENS NYHETER, COMMERCE MINISTER FELDT SAID THAT "SWEDEN IS INTERESTED IN TRYING TO FIND A MORE STABLE BASIS FOR ITS OIL SUPPLIES, NOW THAT THE HEGEMONY OF THE OIL COMPANIES HAS BEEN BROKEN". HE ADDED THAT SWEDEN HAD HAD CONTACTS WITH A NUMBER OF COUNTRIES, THAT "SWEDISH OIL COOPERATIVE OK RECENTLY HAD INFORMAL CONTACTS WITH ABU DHABI'S OIL MINISTER ABOUT A DELIVERY AGREEMENT. NIGERIA HAS ALSO OFFERED SWEDEN CERTAIN QUANTITIES".

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2. FELDT NOTED, HOWEVER, THAT SWEDEN'S LIMITED REFINING

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CAPACITY, I.E., ABOUT 30 PERCENT OF CONSUMPTION, POSES PROBLEMS WITH RESPECT TO POSSIBLE PURCHASE AGREEMENTS WITH OIL-PRODUCING STATES. HE NOTED IN THIS REGARD THAT "ARAB OIL-PRODUCING COUNTRIES HAVE ENORMOUS BALANCE OF PAYMENTS SURPLUSES AND WANT TO USE SOME OF THEIR MONEY TO CONSTRUCT REFINERIES AT VARIOUS LOCATIONS IN EUROPE". FELDT CONFIRMED THAT THERE APPEARED TO BE NO POSSIBILITY IN SHORT-TERM OF INCREASING IMPORTS FROM SOVIET UNION (SEE EMBTEL 3970).

3. IN RELATED DEVELOPMENTS, SWEDISH MINISTER OF INDUSTRY JOHANSSON JOINED OTHER NORDIC MINISTERS IN OSLO ON NOVEMBER 22 TO DISCUSS OIL SITUATION. ACCORDING TO PRESS NORDICS DECIDED NOT TO ATTEMPT A COMMON NORDIC ENERGY PROGRAM AT THIS TIME. NORWEGIANS REPORTEDLY ASSURED SWEDES THAT USUAL AMOUNT OF NORDIC ELECTRIC POWER WOULD BE DELIVERED TO SWEDEN THIS WINTER. CONCERNED ABOUT SUPPLY OF COAL AS WELL AS OIL, SWEDES ARE DISCUSSING WITH POLES POSSIBILITY OF FUTURE EXCHANGE OF SWEDISH IRON ORE FOR POLISH COAL.

4. COMMENT: AS INDICATED IN FELDT'S INTERVIEW QUOTED ABOVE AND IN CONVERSATIONS WITH GOVERNMENT OFFICIALS, BIAS HERE AGAINST INTERNATIONAL OIL COMPANIES IS VERY THINLY DISGUISED. ONE SENIOR OFFICIAL TOLD EMBOFF, ALBEIT NOT VERY CONVINCINGLY, THAT "IF SWEDEN HAD HAD BILATERAL AGREEMENTS WITH OIL PRODUCERS, PROBLEM OF OIL SUPPLY WOULD BE MUCH LESS SEVERE TODAY." THUS, WHILE SWEDEN WILL CONTINUE FOR SOME TIME TO BE HIGHLY DEPENDENT ON INTERNATIONALS FOR SUPPLY OF REFINED PRODUCTS AS WELL AS CRUDE, AN EFFORT WILL BE MADE TO DIVERSIFY SOURCES OF SUPPLY BY MEANS OF BILATERAL ARRANGEMENTS. OK COOPERATIVE, WHOSE BOARD IS DOMINATED BY LABOR AND OTHER PRO-GOVERNMENT INDIVIDUALS, IS EXPECTED TO BE CHOSEN INSTRUMENT IN THIS REGARD.

5. AS REPORTED EMBTEL 4121, SWEDES ARE COUNTING HEAVILY ON AVOIDING ARABS' "ENEMIES LIST". MFA OFFICIAL TOLD EMBOFF NOVEMBER 23 THAT SAUDI ARABIAN AND ALGERIAN OIL MINISTERS WOULD NOT REPEAT NOT VISIT STOCKHOLM ON THEIR PLANNED TOUR OF EUROPEAN CAPITALS NEXT WEEK.
OLSEN

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